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The DEMAND and PRICE SITUATION

DPS-25

In this issue:
Agricultural Developments in 1956

AMS

Approved by the Outlook and Situation Board, January 18, 1957

SUMMARY

Farm product prices strengthened at the close of 1956 at a level nearly 7 percent above the low point reached in December 1955. The 1 percent rise from November to December reflected record average prices for 1956-crop burley tobacco, significantly higher prices for some commercial vegetables, and a seasonal recovery in hog prices. For 1956 as a whole, prices received by farmers averaged 236 percent of 1910-14, the same as in 1955, despite record farm output and large carryovers from previous years. With farm marketings in 1956 estimated at about 2 to 3 percent above 1955, cash receipts are tentatively estimated to be up about the same proportion as marketings.

Consumer purchasing power rose further in the closing months of 1956. During October-December, consumers' after-tax income apparently reached a record rate moderately above that of the third quarter and possibly 5 to 6 percent above a year earlier. Industrial output also reached a new peak in December while retail trade (seasonally adjusted) remained unchanged at the record rate set in November, but 4 percent above a year earlier. Nonagricultural employment rose slightly to a total of 59.4 million in December, up about 2 percent from a year earlier; unemployment held around 2½ million.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1955 Year	1955 Dec.	1956 Sept.	1956 Oct.	1956 Nov.	1956 Dec.
Industrial production: Seasonally adj. 1/							
Total	1947-49=100	139	144	145	146	146	147
All manufactures	do.	140	146	147	147	147	148
Durable goods	do.	155	161	164	164	165	166
Nondurable goods	do.	126	130	129	130	129	131
Minerals	do.	122	129	128	129	130	130
Construction:							
Total outlays, seasonally adjusted 2/	Mil. dol.	42,991	3,580	3,701	3,665	3,699	3,729
Private residential	Mil. dol.	16,595	1,322	1,286	1,241	1,239	1,239
Housing starts 3/ 4/	Thousands	1,329	1,192	1,008	1,050	1,060	1,030
Construction contracts awarded 5/	Mil. dol.	23,745	1,921	2,025	1,706	1,689	1,576
Manufacturers' sales and inventories: 2/							
Total sales, seasonally adjusted	Mil. dol.	26,415	27,289	27,624	28,294	28,808	
Durable goods	Mil. dol.	13,164	13,688	13,692	14,199	14,446	
Unfilled orders-sales ratio 6/		3.60	3.81	4.35	4.14	4.09	
Inventory-sales ratio 7/		1.67	1.68	1.81	1.80	1.78	
Durable goods		1.88	1.92	2.10	2.07	2.07	
Employment and wages: 8/							
Total civilian employment	Million	63.2	64.2	66.1	66.2	65.3	64.6
Nonagricultural	do.	56.5	58.3	58.7	59.0	59.1	59.4
Unemployment	do.	2.7	2.4	2.0	1.9	2.5	2.5
Workweek in manufacturing	Hours	40.7	41.3	40.7	40.7	40.6	41.0
Hourly earnings in manufacturing	Dollars	1.88	1.93	2.00	2.02	2.03	2.05
Income and spending:							
Personal income payments 2/ 3/	Bil. dol.	306.1	317.5	329.5	332.5	333.6	
Consumer credit outstanding 1/	Mil. dol.	38,648	38,648	40,074	40,196	40,631	
Automobile	Mil. dol.	13,468	13,468	14,533	14,478	14,449	
Total retail sales, seasonally adj. 2/	Mil. dol.	15,457	15,795	16,018	16,050	16,358	
Durable goods	Mil. dol.	5,582	5,677	5,356	5,490	5,664	
Inventory-sales ratio 7/		1.91	1.98	1.92	1.84	1.84	
Prices:							
Wholesale prices, all commodities 4/	1947-49=100	111	111	116	116	116	116
Commodities other than farm and food	do.	117	120	123	124	124	125
Farm products	do.	90	83	90	88	88	89
Foods processed	do.	102	98	104	104	104	103
Consumer price index, all items 4/	1947-49=100	114	115	117	118	118	
Food	do.	111	110	113	113	113	
Prices received by farmers 9/	1910-14=100	236	222	236	234	234	237
Crops	do.	237	226	234	232	239	240
Livestock and products	do.	236	219	238	236	230	234
Prices paid, interest, taxes and wage rates 9/	1910-14=100	281	278	287	287	289	289
Family living items	do.	273	273	279	279	281	282
Production items	do.	249	243	252	250	252	251
Parity ratio 9/		84	80	82	82	81	82
Farm income and marketings: 9/							
Volume of farm marketings	1947-49=100	114	132	144	177	157	
Cash receipts from farm marketings	Mil. dol.	2,458	2,772	3,148	3,927	3,306	

Annual data for most of these items for the years 1929, 1932 and 1939-55 appear on page 39 of the April 1956 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Data for 37 Eastern States, compiled by the Department of Commerce from reports of the F. W. Dodge Corporation. 6/ Unfilled orders for durables divided by monthly deliveries. 7/ Inventories, book value, end of month, divided by sales. 8/ Bureau of the Census. 9/ U. S. Department of Agriculture, Agriculture Marketing Service .

THE DEMAND AND PRICE SITUATION

Approved by the Outlook and Situation Board, January 18, 1957

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Business spending on new investment, a major contributor to the economic expansion of the past two years, may tend to level off in 1957. This prospect results in part from the completion of past programs and the resulting growth of productive capacity in many industries. In addition, some companies are reported to be taking more time to carry out investment programs than originally planned, because of tight credit and shortages of certain materials. However, even if investment levels off at current rates, capital outlays this year would top last year's record and would give strong support to economic activity in 1957.

While business investment spending may tend to level off in 1957, current prospects indicate a sizable increase in Government spending. The President's Budget, submitted to Congress on January 16, outlines proposed expenditures of 71.8 billion dollars, compared with 68.9 billion now estimated for the current fiscal year. Nondefense expenditures will show some gain, reflecting proposed increases for school construction, agriculture and other domestic programs. However, the bulk of the increase will again come in national security expenditures, where a rise of 2.3 billion dollars, to 43.6 billion was requested for 1957-58. Spending by State and local governments in the last few years has been increasing at a rate of almost 9 percent a year and is likely to continue upward at least as fast in the next year or two. The new highway program and expanding needs for schools and other facilities may speed the uptrend.

Commodity Highlights

Hog prices rose in December and early January as slaughter decreased because fewer pigs were farrowed late last spring. Prices of fed steers are expected to level out following their late fall decline.

Per capita consumption of dairy products increased about 1 percent in 1956; prices averaged 3 percent higher. Little change in consumption per person is likely in 1957.

Egg prices in mid-December were near the low for the year, and about a fifth below a year earlier. Prospective laying flock replacements and the uptrend in rate of lay indicate continued large output in 1957.

Strong domestic and export demand for soybeans and oil have been instrumental in raising prices above support; large supplies will tend to limit further increases.

The seasonal rise in feed grain prices during the next few months will probably not be as large as the sharp rise that occurred in the first half of 1956.

Winter wheat seedings in the fall of 1956 fell to 36.8 million acres, the smallest since 1913. With normal growing conditions, this would result in a 1957 crop some 15 percent smaller than last year.

A sharp increase in rice exports in 1956-57 is expected to reduce the record carryover of 34.6 million cwt. (rough basis) on last August 1 by about half.

In early January, grower prices for Florida oranges averaged a little under a year earlier with supplies somewhat larger. However, supplies of grapefruit were smaller and prices higher.

Supplies of vegetables for fresh market sale are expected to be about 7 percent smaller this winter than last, but about in line with the 1949-55 average; prices should continue substantially above last year.

With large supplies of old crop potatoes and a prospective 44 percent increase from last year in production for the relatively small winter harvest, prices are expected to remain relatively low through the winter.

Cotton exports since last August total 3.1 million bales compared with 2.2 million bales for the entire 1955-56 marketing year. For the entire 1956-57 marketing year exports may total 6½ million bales.

With a strong world demand for wool, Boston quotations for most descriptions early in January reached their highest levels in over two years.

Grower prices for 1956 crop burley tobacco averaged the highest in history, because of a strong demand for certain grades.

GENERAL ECONOMIC CONDITIONS

Most indicators of economic activity registered further gains in December from the advanced levels of November. Christmas trade of retail stores picked up in mid-December after a slow start and bettered the total for last December by 4 percent. However, sales of certain consumer durable goods evidently fell short of producers' expectations. Television sets in particular were weak and smaller output has been scheduled for January.

Total industrial production advanced one point in December to 147 percent of the 1947-49 average, another new record, as the automobile industry moved into volume production and steel output held near the record rate of the past several months. Machinery output eased a little, but leather, paper and chemicals registered gains. Petroleum output also increased in December in response to expanded European needs, and continued upward to a new high in early January. December employment totaled 64,550,000, a record for the month but down seasonally from November mainly because of cutbacks in agriculture and construction.

Consumer income payments, a good general indicator of domestic demand for farm products, continued to rise in the closing months of 1956. Before-tax income, seasonally adjusted, reached a record 334 billion dollars in November. In December, when employment showed only a seasonal decline, both the average workweek and hourly earnings in manufacturing increased. Dividend payments in December, though not up to last year's heavy year-end distribution, were the second largest on record for the month.

The automobile industry assembled close to 600,000 new cars in December, a slight rise from the November output of about 580,000. Dealers' sales showed a moderate increase from the November total of around 485,000. With sales well below production, dealers' inventories increased substantially, to about 540,000 units by January 1. Nevertheless, stocks are still 200,000 below the number of unsold cars in dealers' lots at the beginning of 1956. Although new car sales showed only a small increase in December, industry reports indicate that passenger car output for all of 1957 will probably total 6.5 million units, compared with 5.8 million last year and 7.9 million in 1955.

In the latter half of December, steel production eased down below 100 percent of capacity for the first time in 4 months. The decline, however, reflected holiday cutbacks rather than any softening in demand. Steel requirements for new highways and bridges, oil tankers, automobiles, railroad freight cars, oil wells, pipelines, and industrial and public utility construction should maintain a high rate of activity well into 1957. During

1956, about 5 million additional tons of steel-making capacity came into operation, as part of a 15 million-ton expansion program started several years ago. On January 1, the annual capacity of the Nation's steel mills was rated at 133.5 million tons. Steel output in the opening weeks of 1957 was around 98 percent of this capacity, and the weekly tonnage of raw steel produced was about the same as in early December.

Business spending for new plant and equipment, a major factor in the economic expansion of the past two years, may increase more slowly in 1957 than in 1956. A joint Commerce Department-Securities and Exchange Commission survey of businessmens' investment intentions, taken early in November, indicates that spending in the first quarter will reach an annual rate of 38 billion dollars. This would be less than 2 percent above the fourth quarter of 1956, compared with average quarterly increase of more than 5 percent over the past 2 years. A similar survey by the McGraw-Hill Company points to a rise of 11 percent for 1957 as a whole from the average for 1956. With prices higher, only about half the rise will represent an increase in real investment. As the rate of spending on new plant and equipment in early 1957 is already running some 7 to 9 percent above the 1956 average, little further increase is implied for the rest of the year. Public utilities, petroleum refineries, and producers of metals, aircraft, ships and railroad equipment plan to increase investment spending substantially in 1957, but the automobile and textile industries plan to spend less than in 1956.

A recent report of the Securities and Exchange Commission suggests that tight credit may be limiting the ability of corporate business to carry out investment programs. The liquidity position of corporations, as measured by the ratio of cash plus Government securities to current liabilities, has declined steadily since mid-1955. By the end of last September, it was down to the level of the early 1940's. During this same period, the cost of borrowing money has risen, in line with the Federal Reserve policy of restricting growth in the money supply. New issues of corporate securities in early January carried yields averaging about 1 percent above those on similarly-rated securities a year earlier. These factors, coupled with rising costs, declining profits (third quarter corporate profits were down 5 percent from a year earlier), and continued short supplies of materials are causing some firms to stretch out their investment programs. However, the McGraw-Hill survey mentioned above reports that few companies are abandoning investment expansion programs as a result of these problems.

The Federal Government is likely to increase its rate of spending in the next year or two. The President's Budget for fiscal year 1957-58, submitted to Congress on January 16, recommends an increase in Federal spending of almost 3 billion dollars, to 71.8 billion. Two billion dollars of the increase represents additional military expenditures. For agricultural programs, including drought relief, the President requested an increase of 178 million dollars to 5.3 billion in 1957-58. Proposed aid to school construction, anticipated higher outlays for atomic energy, and additional foreign aid are among other factors in the increase. Existing tax rates are expected to produce about 3 billion dollars more revenue in 1957-58, so that a budget surplus of 1.8 billion dollars is anticipated. This is slightly greater than the surplus in prospect for the fiscal year ending next June 30.

Table 1.- Federal Budget receipts and expenditures, fiscal years 1955-56 to 1957-58

Item	1955-56 actual	1956-57 estimate	1957-58 estimate
	Billion dollars	Billion dollars	Billion dollars
Budget Receipts:			
Individual income taxes	35.3	38.5	41.0
Corporate income taxes	21.3	21.4	22.0
All other, net	11.5	10.7	10.6
Net Budget Receipts	68.2	70.6	73.6
Budget Expenditures:			
Major national security	40.8	41.3	43.6
All other, net	25.7	27.6	28.2
Net Budget Expenditures	66.5	68.9	71.8
Budget surplus	1.6	1.7	1.8

Detail may not add to total due to rounding.

The rise in prices continued in December, but increases on the average were relatively small. Wholesale prices, as measured by the Bureau of Labor Statistics, moved up a fraction of a point to 116.2 (1947-49=100), mainly because of seasonally rising hog prices and higher quotations for anthracite coal and most types of petroleum fuels. The Index of Prices Paid by Farmers for Family Living as reported by the Agricultural Marketing Service rose 1 point in the month ending in mid-December to 282 percent of the 1910-14 average. In November, the BLS index of urban consumer prices edged up to 117.8 (1947-49=100), another record. Upward pressures on prices continue, and new increases have been announced in several important areas. During December, freight rates were increased by 5 to 7 percent and petitions to ICC for an additional 15 percent increase are now pending. A new round of increases in steel prices began early in January. Prices of crude oil also were increased in January in response to heavy demand and rising costs of production.

The seasonal rise in prices of a number of important farm products continued in the latter half of December and early January. Hogs (barrows and gilts, at Chicago) moved slightly higher during this period. Potatoes (Long Island Chippewas) advanced about a tenth. However, central market prices for eggs in early January averaged below early December. Most grains moved slightly higher during the period, but corn (No. 3 Yellow, at Chicago) showed a small decline.

AGRICULTURAL DEVELOPMENTS IN 1956

The year 1956 started with prices of farm products at their lowest level in about a decade. Carryover stocks of most crops were large as a result of five years of heavy and steadily increasing production. Farm output increased again in 1956 to a new record despite drought in some areas and some reduction in acreage of crops as a result of the new Soil Bank program. Nevertheless, farm prices showed some recovery during the year and since June they have averaged consistently higher than a year earlier. In addition to the bolstering effects of an expanding domestic and foreign market, higher farm product prices reflected the continued operations of price support and related programs, smaller marketings of hogs, and abnormal growing conditions for many vegetables. Farmers' realized net incomes also increased in 1956 after four successive years of decline, and continued improvement is likely for 1957.

Record Crop and Livestock Output in 1956

Increased output of livestock products accounted for the gain in farm output in 1956. Production of all livestock and products reached a record 23 percent above the 1947-49 average. Output of poultry and eggs increased 9 percent in 1956, pressing prices further below the low levels already

prevailing. Output of dairy products also increased, as did production of meat animals except hogs. Crop output, at 106 percent of the 1947-49 average, equaled the record of 1955 and 1948, even though acreage harvested was the smallest in 20 years. Yields per acre averaged 23 percent higher than in 1947-49 and 3 percent better than the previous record set in 1955, despite large areas of drought in the Southwest and only moderately favorable growing conditions in some other areas.

Table 2.- Farm production: Index numbers of total output, livestock and crops 1951-56

(1947-49=100)

Item	1951	1952	1953	1954	1955	1956 1/
Farm Output:	103	107	108	108	113	114
All livestock and products	111	112	114	117	121	123
All crops	99	103	103	101	106	106

1/ Preliminary.

Record farm output in 1956 in the face of poor growing conditions in some parts of the country as well as Government programs to curtail production results from a rising productivity trend in American agriculture. Since 1940 farm output has increased about a third while acreage of cropland harvested has shown a small decline and the number of farm workers has declined by about one-fourth. Improved management, increased mechanization, more intensive use of fertilizer, improved seeds, and better breeds of livestock have contributed to an output per manhour almost double that of 1940.

Demand Conditions Strong

While farm output and supplies of agricultural products were large in 1956, demand conditions at home and abroad were favorable. Consumer disposable income set a new record in each quarter of 1956 and for the year as a whole apparently averaged nearly 6 percent higher than in 1955. A similar increase occurred in consumer spending on food, but much of the gain was absorbed in higher marketing charges. Among nonfood farm products, consumption of wool increased in 1956 and prices averaged higher, but domestic consumption of cotton and leaf tobacco were off slightly. Exports of cotton were large enough to more than offset the reduction in domestic use.

Exports of all farm products, on the basis of data for the first 11 months, seem likely to set a new record in calendar 1956 both in value and in volume. The increase over 1955 partly reflects more vigorous Government action to stimulate exports--especially sales for foreign currency under Public Law 480. Generally prosperous economic conditions abroad and reduced foreign supplies of certain commodities were also important contributors to the strong export demand in 1956. A significant development during 1956 was the sharp recovery of cotton exports after August 1, when the CCC began shipping cotton sold to foreign purchasers at competitive prices. Important also was the strong market for rice that resulted from the elimination of surplus stocks in foreign exporting countries. The CCC was able to obtain commitments for domestic sale or export of practically all of its large inventory of rice accumulated over the preceding several years. Foreign demand for food fats was also strong during 1956 and is likely to continue so in 1957.

Farm Product Prices in 1956

Prices received by farmers in 1956 averaged 236 (1910-14=100), the same as a year earlier, despite record production and large carryover stocks. Crop prices were about 2 percent higher than in 1955, but livestock products averaged lower.

Grower prices edged up slowly in the winter and spring months of 1956. The strengthening was due primarily to seasonally rising prices for meat animals and to sharply higher prices for fruit, potatoes and several commercial vegetables, the latter affected by poor growing conditions; higher prices for feed grains and oil-bearing crops reflected operation of price support programs and a strong export market. Even though prices of poultry and eggs weakened during the winter and spring under pressure of heavy supplies, the index of prices received by farmers in mid-1956 was 11 percent above the low of 222 in December 1955.

During the last half of 1956 farm product prices trended downward under the impact of seasonally heavy marketings. However, prices of dairy products and some important commercial vegetables, rising seasonally, resulted in some recovery in the index at year-end. Potato prices rose to a peak in July, but heavy summer production caused a drop of almost two-thirds by October. Most grain prices were firm during summer and fall; CCC price support operations and, in the case of wheat, the new policy of filling export needs largely from free market supplies rather than from CCC stocks were largely responsible. Meat animal prices, the main cause of the precipitous decline in average farm product prices late in 1955, showed only a moderate seasonal decline in the fall of 1956 and by mid-December had regained much of this loss. Prices of poultry and eggs continued to weaken in the last half and finished the year a fifth below December 1955.

Table 3.- Indexes of prices received and prices paid by farmers, 1955, 1956, and by quarters for 1956

(1910-14=100)

Item	1955	1956				
		Jan.-March	Apr.-June	July-Sept.	Oct.-Dec.	Year
Prices received by farmers						
All farm products	236	227	241	239	235	236
Crops	237	233	253	243	237	242
Food grains	228	221	224	219	230	224
Feed grains and hay	187	173	190	196	182	185
Feed grains	189	172	195	203	182	188
Cotton	272	263	273	271	267	268
Tobacco	437	452	453	453	452	453
Oil-bearing crops	250	240	259	244	258	250
Fruit	212	216	239	223	222	225
Commercial vegetables 1/	233	257	281	231	248	254
Potatoes, etc. 2/	186	177	285	250	151	216
Livestock and products	236	221	231	236	233	230
Meat animals	249	214	247	253	238	238
Dairy products	252	256	247	258	275	259
Poultry and eggs	188	193	176	172	165	177
Wool	250	223	229	232	248	233
Prices paid, interest, taxes and wages	281	281	285	287	288	286
Family living items	273	273	277	281	281	278
Production items	249	246	249	250	251	249
Parity ratio	84	81	85	83	82	83

1/ For fresh market.
2/ Includes sweetpotatoes and dry edible beans.

The 7 percent improvement in farm product prices from December 1955 to the end of 1956 exceeded the 4 percent rise in prices paid by farmers. Nearly all family living items increased. Feed prices, interest, property taxes, and wages of hired labor also were higher at the close of the year than at the start. However, with a more rapid rise in prices received, the ratio of the index of prices received to prices paid (the parity ratio) increased from its low of 80 in December 1955 to 82 by December 1956. For the year as a whole this ratio averaged 83, or 1 point lower than the 1955 average.

Cash Receipts, Net Income
Increase in 1956

With a tentative estimate of 2.7 billion dollars for December, cash receipts from farm marketings in 1956 are estimated on a preliminary basis at about 30.0 billion dollars, or 3 percent above 1955. The increase was due to larger marketings. In addition, farmers received more than ½ billion dollars in Government payments, about half under the new Soil Bank program. Farm production expenses were also up slightly in 1956, but not enough to offset the rise in cash receipts and Government payments. Consequently, operators' realized net income from farming increased in 1956 for the first time since 1951. Revised estimates will be published in the March issue of the Farm Income Situation.

RECENT DEVELOPMENTS UNDER THE SOIL BANK

Considerable acreage of crops was placed in the Acreage Reserve Program in 1956. This part of the Soil Bank Program, designed to reduce surpluses of the basis commodities--wheat, corn, cotton, peanuts, rice and tobacco--got off to a late start in 1956 but larger scale operation is scheduled for 1957. The following approximate allocation of the 750 million dollars authorized by law for the Acreage Reserve has been announced for 1957 crops: upland cotton and corn, each 217½ million dollars; wheat, 267½ million; tobacco, 34 million; and rice, 14 million. Accompanying acreage goals are 12 to 15 million acres for wheat, 3½ to 4½ million for upland cotton, 4½ to 5½ million for corn, and around one-third of a million for rice and tobacco combined. Farmers have already signed up for more than 10½ million acres of winter wheat in the 1957 program. Acreage Reserve agreements can be signed through March 1 for upland cotton and tobacco and March 8 for corn, spring wheat, and rice. There will be no Acreage Reserve Program for peanuts and extra long staple cotton in 1957.

As a result of the December 11 referendum of corn producers in the commercial area, the corn acreage allotment program and mandatory price supports remain in effect. Acreage allotments for the 1957 commercial area total 37.3 million compared with 57 to 59 million acres planted in this area in recent years. Concern has been expressed by the Secretary of Agriculture and members of Congress regarding the likelihood of excessive corn production, low prices, undue stimulation of livestock production and inadequate Soil Bank participation for corn in 1957. Legislation to rectify this situation is being discussed.

A national goal of 20 million acres has been announced for the Conservation Reserve Program for 1957. The sign up for the program last year totaled around 1½ million acres. This part of the Soil Bank program was designed to divert crop land to soil conserving uses.

OUR BEST FOREIGN MARKETS IN 1955-56

Ten countries received nearly 70 percent of total U. S. farm exports of 3½ billion dollars in 1955-56. The five countries that have for several years topped the list--the United Kingdom, Japan, Western Germany, Canada and the Netherlands--again provided the largest foreign outlets for the U. S. farmer. Each of them took over 250 million dollars worth of our farm commodities, and together they purchased around 40 percent of our total agricultural exports. Exports valued at 100 million dollars or more went to Belgium, Spain, Italy, Cuba and Yugoslavia.

Nearly 40 percent of U. S. agricultural exports in 1955-56 represented non-dollar transactions: donations, sales for foreign currencies and barter. The remaining 60 percent were sold for dollars. Of the two dozen countries to which we exported farm commodities valued at 40 million dollars or more, 12 may be regarded as primarily dollar markets, paying dollars for most or all of their purchases of farm products from the United States. Exports to these countries totaled more than 2 billion dollars (or 59 percent of total farm exports) and dollar payment was received for over three-quarters of this amount. Three of these countries--Canada, Cuba and Venezuela--were 100 percent dollar markets.

The other 12 countries were primarily "program" markets. Each received most or all of their purchases under special programs. Aggregate exports to these countries amounted to 802 million dollars (or 23 percent of total farm exports); over 85 percent of this amount actually represented sales for foreign currency, barter, and donations.

Exports to all other countries totaled 619 million dollars or about 18 percent of total exports. While the extent of Government financing for each of these countries has not been calculated, 70 percent of the aggregate exports to these countries is estimated to have been for dollars. Included are certain countries in Latin America and Oceania to which all sales were for dollars, and others such as Turkey and Vietnam to which all exports were under programs.

Table 4.- United States agricultural exports to specified countries, 1955-56 1/

Country	Total exports
	Million dollars
12 Leading dollar markets 2/	
United Kingdom	305
Japan	372
Western Germany	275
Canada	257
Netherlands	251
Belgium	134
Cuba	113
Venezuela	73
Mexico	64
Philippines	55
Denmark	43
Switzerland	40
Total	2,072
12 Leading "program" markets 3/	
Spain	126
Italy	111
Yugoslavia	100
France	84
Egypt	55
Greece	55
Formosa	52
Korea	49
Pakistan	48
Israel	41
India	40
Brazil	40
Total	802
All other countries	619
All countries	3,493

1/ Countries to which exports exceed $40 million.
2/ At least 65 percent of total exports paid in dollars.
3/ At least 72 percent of total under special programs.

LIVESTOCK AND MEAT

Hog slaughter is decreasing while cattle slaughter stays near a record high, after a year or more when both were exceptionally large. Hog prices have improved but cattle prices remain closer to those of a year ago.

At the beginning of 1957, hog slaughter was substantially less than a year earlier. It will continue smaller this winter than last, because fewer late pigs last spring reduced the year-end inventory of hogs nearing slaughter weight. Moreover, hog slaughter during most or all of 1957 will remain below 1956, since the 1956 fall pig crop was down 4 percent and producers planned December 1 to reduce the spring pig crop 2 percent.

Prices of hogs, which had advanced $2.50 per 100 pounds by mid-January from their mid-November low, may strengthen somewhat further this winter. A downturn is probable in late winter or early spring when marketings from the fall pig crop are largest; however, a new seasonal upturn is likely during the spring. With smaller marketings in prospect, prices of hogs during most months of 1957 will likely be above 1956.

Cattle slaughter has been extremely large and will probably continue so. On January 1, 6.1 million cattle were on feed, 4 percent more than a year earlier and a new high. Cattle feeders in 13 leading States reported intentions to market 45 percent of this number by April 1. Last year they planned a 50 percent marketing by that date. These intentions suggest fed cattle supplies during this period will be sizable, although a little below the heavy movement of last winter. Prices of fed steers are expected to level out following their late fall decline, and to stay higher this winter and spring than their low of last February.

Cow slaughter has been very large since October, partly as a result of continued drought in the Southwest. The extent and severity of drought will be a major factor affecting cattle slaughter and prices in 1957. If drought is not severe over large areas, prices may average as high or slightly higher than in 1956; severe drought would add to slaughter and prevent improvement in prices.

Prices of lambs are likely to rise seasonally, and may remain for a time a little higher than last year. Sheep and lambs on feed January 1 to be fed for the winter and early spring market total 5 percent above a year ago but only slightly larger than January 1, 1955.

Meat production in 1957 is expected to be less than the 1956 record. Production probably will be cut heaviest in the first half year, with most of the reduction in pork.

Consumers will pay higher prices for pork in 1957 than during 1956, and possibly a little more for the higher grades of beef.

In late 1956, the Department of Agriculture discontinued its special meat buying programs, which had been undertaken to provide market assistance to cattle and hog producers during the fall period of heavy marketings. About 72.0 million pounds of hamburger, 21.6 million pounds of lard, and 6.6 million pounds of canned pork and pork products were purchased. Approximately 31.4 million dollars of Section 32 funds were expended for these products, which are being donated to school lunch programs and other eligible outlets.

DAIRY PRODUCTS

Production of milk continued to set new records through the early weeks of 1957. The number of milk cows apparently is about the same as a year earlier, but the rate per cow continues to exceed previous high levels. Milk output closed 1956 by reaching 9.1 billion pounds in December, raising the preliminary annual total to a record 127.0 billion pounds. Current price relationships are favorable for large milk production this winter. Although supplies of feed concentrates are large, quality of hay is not as good as last year in some Northern sections; however, prospects point to an increase in the 1957 annual output about 2 billion pounds of milk over 1956.

The pattern of milk use changed little from 1955 to 1956; no major item changed more than 5 percent between the two years. Most of the apparent increase in milk output was used for fluid products. Unless price support levels change significantly, the pattern of milk use probably will not show much change in 1957 compared with 1956. Preliminary data indicate little change between 1955 and 1956 in per capita consumption of individual dairy products. Per person consumption last year of all dairy products combined apparently increased about 1 percent. Little change is likely in 1957.

The average price received by farmers for milk increased 4 percent in 1956 over 1955--the result of higher prices for both the fluid and manufacturing milk components and somewhat larger utilization of milk in fluid milk outlets, a higher average-price use. Manufacturing milk and butterfat prices rose primarily because of higher support levels. Generally, prices of manufactured dairy products did not rise above the equivalent of CCC purchase prices except for butter which rose slightly a few weeks toward the close of the year. As a result of higher prices and record large sales, farmers' receipts from sale of dairy products almost equaled the record high of 1952.

The milk equivalent of CCC purchases of dairy products in 1956 was a little above 1955, equaling about 4 percent of farm milk production. Disposition of stocks continued at a high level; at the beginning of 1957 only CCC holdings of cheese were significant. By mid-January, purchases of butter were running in excess of 3 million pounds per week, about the same as a year earlier. Purchases of cheese and nonfat dry milk are continuing at a high level for this time of year. Surplus of dairy products for 1957 as a whole probably will be no larger than in 1956, and it may well be a little smaller, since the prospective increase in milk output is below the actual increase of the past year.

POULTRY AND EGGS

Production of eggs is likely to continue higher and prices to farmers lower in the next few months than in the same period a year earlier. In the last 4 months of 1956, production averaged 4 percent above the same months of 1955, mainly because of a 3 percent increase in the rate of lay per layer. The number of layers on hand January 1 was up 1½ percent from a year earlier. Prices to farmers for eggs averaged 37.1 cents per dozen in mid-December, 10 cents below the same time in 1955.

The number of chickens raised for laying flock replacement in 1957 probably will be less than in 1956. However, the cut may not be as great as might be expected from the reduction in prices. The number of chickens raised now seems less affected by short-time changes in the profits of egg production. Moreover, the trend toward increased production per bird and the tendency of producers to keep layers longer than formerly will tend to maintain production.

Broiler marketings in January will be from weekly placements averaging about 4 percent smaller than the placements which provided December marketings. The decline in supplies together with a seasonal decline in marketings of turkeys have already resulted in a slight increase in broiler prices over the mid-December average of 16.9 cents per pound to farmers. However, prospective supplies of broilers for January continue above a year earlier, and weekly placements indicate that supplies in February and March will be at a higher rate than those in January.

Turkey prices rose after Thanksgiving but had lost part of the rise by the end of 1956. The mid-December price to farmers averaged 27.7 cents per pound, compared with 30.5 cents a year earlier. In the early months of 1956, prices for dressed turkeys rose but an increase is not in sight this year--supplies in storage during the past two months were at record levels, 36 and 50 percent above a year earlier, and the number of turkeys remaining on farms (i. e., poult hatchings late in 1956) is well above last year. Farmers' intend to raise 10% more turkeys in 1957 than last year.

FATS, OILS AND OILSEEDS

The supply of food fats and oils in 1956-57 is expected to equal last year's record 11.8 billion pounds. Smaller carryover stocks on October 1 will be offset by increased output during the current marketing year. Supplies of butter and lard will be smaller, but those of the vegetable oils will be larger. Export demand again will be an important factor influencing domestic prices of food fats and oils, as supply continues in excess of domestic use. Exports, including the oil equivalent of oilseeds but excluding butter, in the marketing year ending in September 1957 may be as large as last year's record 2.7 billion pounds, since foreign countries continue to need substantial quantities of food fats and oils.

Supplies of soybeans for the 1956-57 marketing year are estimated at 460 million bushels, about 75 million bushels more than last year's record. Crushings, exports and ending stocks are expected to reach new highs. Prices received by farmers in November-December 1956 averaged $2.27 per bushel, compared with $2.07 in October. Strong export and domestic demand for beans and oil, coupled with the tendency of farmers to withhold marketings, have raised prices above the support rate of $2.15. Large supplies are expected to limit further rises in soybean prices in late winter or spring, unless foreign demand becomes exceptionally great. The manner in which farmers market their large holdings, naturally, will have a considerable influence on soybean prices later in the season. Soybean oil prices in October-December 1956 averaged about 20 percent higher than a year earlier.

The supply of peanuts as a whole in 1956-57 will be greater than last year and substantially larger than required for food and farm uses. Production is estimated at 1,567 million pounds, about the same as the previous year, but beginning stocks were considerably larger than last year. The season average price received by farmers for 1956 crop peanuts is estimated at 11.1 cents per pound, compared with 11.7 cents last year.

Peanut producers approved marketing quotas for the 1957, 1958, and 1959 crops, in a referendum held December 11, 1956; consequently, the price of peanuts will be supported within the overall range of 75 to 90 percent of parity, the exact level to be announced later. Marketing quotas have been in effect since 1949.

FEED

Feed grain prices have been relatively stable during the past few weeks, after advancing from the seasonal low points reached in the summer and early fall of 1956. Seasonal increases in prices of oats, barley, and sorghum grains resulted in mid-December average prices above the 1956 national average price supports. Considerably higher prices for these three grains this winter than last reflect relatively smaller 1956 crops and higher support prices. Corn prices also are higher than a year earlier, but the mid-December average price of $1.22 per bushel was 28 cents below the average price support for cooperating producers in the commercial area. Feed grain prices averaged 9 percent higher in mid-December than a year earlier. The seasonal rise thus far in 1956-57, however, has not been as great as in the same period of 1955-56, and prices probably will not make the same seasonal gains during the next few months as the sharp rise in the first half of 1956.

Wholesale prices of high protein feeds averaged about the same in December as a year earlier. Soybean meal prices continue low in relation to prices of most other feeds, because of the record crush of soybeans. In early January, soybean meal prices were somewhat lower than a year earlier, while prices of a number of the other protein feeds were higher.

A record supply of feed grains and other concentrates, totaling about 200 million tons, is available for the 1956-57 feeding season, 3 million tons larger than the big supply last year. The 1956 feed grain crop of 130 million tons is slightly smaller than last year, but the third largest on record. Carryover stocks set a new record of over 43 million tons. The 1956 production of feed grains appears more than adequate to meet our total requirements and carryover into 1957-58 is expected to increase by about 15 percent.

Through December 15, farmers had placed 79 million bushels of corn under Government price support, about 10 million less than in the same period of 1955. This included 61 million bushels at the full support rate of $1.50 per bushel and 18 million at the $1.25 rate available to noncompliers. Reductions in quantities of oats, barley and sorghum grains going under support were relatively greater, reflecting smaller crops and higher prices of these grains.

WHEAT

Cash wheat prices continue above the effective loan level and generally are just below the high for the season to date. The average price received by farmers in mid-December was $2.07, which was 2 cents above a month earlier and 12 cents above a year ago. The $2.00 average support rate to growers this year is 8 cents below a year ago. Strength in wheat prices results from heavy exports so far this year, operation of the changed export program announced July 13 and put in operation September 4, and also from the support program. Through December 15 farmers had placed 225.1 million bushels of 1956 crop wheat under support and had withdrawn 36.2 million, leaving a net of 188.9 million bushels. Most of these withdrawals took place in the Pacific Northwest, where prices were strongest. On the same date a year earlier, the quantity of the 1955 crop which had been placed under support amounted to 222.9 million, of which 2.7 million had been withdrawn, leaving a net of 220.2 million bushels.

Winter wheat seedings for the 1957 crop fell to 36.8 million acres, the smallest acreage seeded since 1913 and nearly a third less than average. Wheat farmers signed up 10.7 million acres in the 1957 winter wheat Acreage Reserve Program of the Soil Bank. If conditions and prices are favorable, not more than 3 million acres of spring wheat will be taken out of production. With average yields on the spring crop and a winter crop of 625 million bushels based on December 1 conditions, a total crop of about 810 million bushels would be produced. While moisture was plentiful over the soft wheat region and also in the Pacific Northwest since December 1, dry conditions have persisted in the Southwest.

Exports in July-December 1956, partly estimated, totaled about 235 million bushels, and in the 1956-57 year as a whole they may exceed 1955-56 by a fourth. In this event, the carryover July 1, 1957 would total about 1 billion bushels, down moderately from the 1,034 million bushels on July 1, 1956.

Domestic disappearance in 1957-58 is expected to continue at about 600 million bushels. Exports are not expected to be as high as in 1956-57. If they are assumed at 350 million bushels, which is about the same as in 1955-56, total disappearance would amount to about 950 million bushels. A crop of 810 million bushels would be substantially below such disappearance, indicating a substantial reduction in the carryover at the end of the 1957-58 marketing year.

RICE

Prospects are that sharply increased exports during 1956-57 will reduce the carryover from the record 34.6 million cwt. (rough basis) on hand August 1, 1956 to about 18 million cwt. on August 1, 1957.

Growers approved marketing quotas for the 1957 crop by referendum December 11, 1956. National acreage allotment is 1,652,596 acres. Assuming that about 200,000 acres are placed in the Acreage Reserve Program of the Soil Bank and allowing for underplanting of farm acreage allotments, 1,425,000 acres may be planted in 1957. With yields at about the 1955 level, this would mean a crop of about 42.8 million cwt., substantially below the 1956 crop of 47.5 million cwt. and the record 1954 crop of 64.2 million.

Less rice will be exported in 1957-58 than in 1956-57, according to present indications. With the above production and carryover, the supply would total only 61 million cwt. compared with 82 million in 1956-57. Domestic disappearance is likely to hold at 25 million cwt. Thus, only about 35 million cwt. would be available for export compared with 38 million cwt. expected to be exported in 1956-57.

Minimum national average support for 1957 is $4.43 per cwt., 80 percent of parity. This compared with $4.57 per cwt. for the 1956 crop which was 82.5 percent of parity.

FRUIT

Among fresh fruits remaining to be marketed after January 1, 1957, supplies of oranges, lemons, and pears were larger than a year earlier, but supplies of grapefruit, apples, and grapes were smaller. Consumer demand for fruit is expected to be at least as high as last winter, and processor demand for citrus will be seasonally strong this winter and spring.

Mainly because of delayed maturity of the Florida orange and grapefruit crops, total utilization by January 12, 1957 was 10 and 9 percent smaller, respectively, than a year earlier. Use of oranges for processing, however, increased rapidly during December, and output of frozen orange concentrate from the midseason crop will be heavy this winter. In early January, grower prices for Florida oranges for fresh market shipment and for frozen concentrate processing averaged a little under a year earlier. However, auction prices averaged a little higher. Grower prices for grapefruit were considerably higher. Auction prices for California oranges were much higher than a year previously.

Year-end cold storage stocks of apples and grapes were smaller than on January 1, 1956, and those of pears were larger. Stocks of apples were much smaller in Washington, New York, and New England, where unfavorable weather last winter and spring cut production. These reductions were only partially offset by increases in other States, especially Virginia and Michigan. Nearly all of the year-end stocks of pears were in the three Pacific Coast States. Grower prices for apples and pears increased further during December; as of the middle of that month they averaged considerably above a year earlier. Prices for apples in early January tended to hold steady.

Stocks of frozen deciduous fruits and berries in cold storage on January 1, 1957, were about 7 percent larger than a year earlier. Among items held in largest quantities, stocks of frozen strawberries were up considerably and of cherries down substantially. Year-end stocks of frozen orange juice were considerably larger than on January 1, 1956. During the first half of 1957, stocks of frozen deciduous fruits and berries will decline as usual, and stocks of frozen orange juice will increase as seasonally heavy production exceeds distribution.

COMMERCIAL VEGETABLES

For Fresh Market

Supplies of vegetables for fresh market sale are expected to be about 7 percent smaller this winter than last, but slightly above the 1949-55 average. Lighter prospective production resulted primarily from a substantial cut in acreage caused by drought and a shortage of water for irrigation in South Texas. Low temperatures in Florida damaged tender vegetables and delayed development of all crops. Among the more important winter vegetables, prospective production of cabbage is down 24 percent from a year earlier, carrots down 19 percent, lettuce down 12 percent, and celery down 4 percent. On the other hand, estimated production of sweet corn is up 77 percent and record large, tomatoes up 42 percent and a new record, and snap beans up slightly. Smaller supplies are in prospect for other items, such as lima beans, beets, broccoli, shallots and spinach; but estimated supplies are larger for artichokes, Brussels sprouts, cauliflower, cucumbers, eggplant, escarole, kale and green peppers.

Consumer demand is expected to continue strong. And with smaller prospective supplies of winter season vegetables, prices received by growers are likely to continue above year earlier levels.

For Commercial Processing

Supplies of commercially processed vegetables available for distribution during the remainder of the marketing year are substantially above those of a year earlier, and probably at a record level. The production of vegetables for processing in 1956 was the largest ever. Despite smaller carryover

stocks of canned vegetables and a good rate of movement during the first part of the season, data for January 1 are expected to show total stocks well above those of a year earlier, and perhaps the largest of record. A big part of the increase is due to much heavier supplies of sweet corn and tomato juice. But most other canned items are also in moderately to substantially larger supply than a year ago.

Total cold storage holdings of frozen vegetables on January 1, 1957, amounted to 861 million pounds, 237 million pounds above those of 1956 and the largest of record. Biggest actual increase was for green peas--218 million pounds compared with 125 million pounds a year earlier. But holdings of other items were also larger with biggest percentage increases in broccoli, cauliflower, asparagus, Brussel sprouts and sweet corn.

Consumer demand for processed vegetables is expected to continue strong. But with substantially larger supplies available, retail prices during the next few months probably will average a little lower than in the same months of 1956.

POTATOES AND SWEETPOTATOES

Fall potato production, at 166 million hundredweight, was about 12 percent larger than in 1955. Maine growers have suffered some loss of potatoes because of frost damage, and in Maine and other States considerable quantities have been diverted to nonfood uses. Through January 12, a total of 6.4 million hundredweight had been moved under the USDA potato diversion program. Although the crop was later this year and the program got off to a slow start, this was 0.9 million hundredweight more than was moved through January 14 last year. In addition, production of potatoes for winter season harvest (a relatively small proportion of total supplies) is expected to be 44 percent larger than last year. Prices of potatoes during the next two or three months are expected to remain near current levels.

Demand for sweetpotatoes in the first half of 1957 is expected to be about the same as in the early part of 1956. Supplies available for distribution this year, however, are substantially smaller than a year ago, and prices are considerably higher. Prices paid to farmers in mid-December averaged $4.38 per hundredweight, 68 cents above a month earlier and 76 cents more than a year earlier. Prices probably will continue to rise seasonally into the spring and remain well above those of 1956.

DRY BEANS AND PEAS

The quantity of dry edible beans available in the 1956-57 marketing season are slightly smaller than a year earlier. But overall supplies appear more than adequate to satisfy anticipated demand. Among the more important classes, pea and red kidney beans are in larger supply than a year earlier,

and prices of these classes are expected to average lower this season than last. On the other hand, pintos and large limas are in smaller supply than a year ago, and prices for the season should average higher. However, with ample supplies and a national average support rate of $6.31 per hundredweight, substantially the same as a year ago, overall prices for the current season are expected to average about the same as last season.

Supplies of dry field peas are much larger than the tight supplies of last season, about a fifth above the 1945-54 average and substantially above normal market requirements. An unusually heavy export demand, as a result of a poor European crop, has taken much of the pressure of large supplies off the domestic market. Nevertheless, supplies for domestic outlets will be large, and prices probably will average significantly below the high levels of the past three or four seasons.

COTTON

The supply of cotton in the United States during the 1956-57 season is estimated at a record high of 27.8 million bales. The previous record was set in 1955-56, when the supply was about 26 million bales. The record supply resulted largely from a record carryover into the 1956-57 season of 14.5 million bales. The 1956 crop was estimated at about 13.2 million running bales (about 13.3 bales of 500 pounds each), compared with the 1955 crop of 14.5 million bales. Smaller imports are expected this year, probably less than 100,000 bales.

Disappearance during the current season is estimated at about 15.5 million bales, including mill consumption of about 9 million and exports of about 6.5 million bales. Deducting disappearance from the supply leaves a carryover of about 12.3 million bales--a reduction of about 2.2 million bales from the record high carryover at the start of the season.

Sales by the CCC for export during the current marketing year totaled about 6.3 million bales as of January 8, 1957; however, the rate of sales during December declined sharply from the rate during September, October, and November. The average biweekly sale in December was about 82,000 bales compared with approximately 398,000 bales of the three preceding months. Stocks of CCC owned upland cotton, which were available for sale for export, were relatively small in December and amounted to a little more than 500,000 bales at the end of the month; however, the CCC took ownership of about 6 million bales of 1955 crop upland cotton on December 31 and as soon as it is cataloged, about March 1, it will be available for sale for export.

Prices for which CCC sold cotton for export increased slightly during December, because of the inclusion of reasonable carrying charges in CCC sales prices. Nevertheless, prices for American upland cotton were still competitive with prices for foreign grown cotton of comparable quality.

The volume of American-Egyptian cotton exported has increased sharply over a year earlier. From August 1 through November 1956, exports were about 23,400 bales, but for the same period a year earlier, exports were only about 3,000 bales. Consumption of American-Egyptian cotton was also much larger than a year earlier, though consumption of all extra-long-staple cotton has been at about the same level. Increased disappearance of American-Egyptian cotton has been caused by a restricted supply of Egyptian cotton and prices which are competitive with Egyptian cotton.

Although the acreage allotment for cotton in the United States for the 1957 season totaled about 17.6 million acres, farmers probably will plant less than their allotments because of the acreage reserve program for cotton. Each farmer will receive a payment based on 15 cents a pound times his normal yield, for participating in the acreage reserve program. The average normal yield for the U. S. has been set at 361 pounds per acre. The farmer may place in the acreage program a maximum of 10 acres or 30 percent of his allotment, whichever is larger. The agreement to participate in the acreage reserve program must be signed by cotton farmers by March 1, 1957.

Prices for cotton have increased slightly in recent weeks. The average 14 spot market price for Middling 1-inch cotton on January 8, 1957 was 33.32 cents per pound. This compares with an average of 33.15 cents for December 1956 and the average support rate at these markets of 33.02 cents per pound. On January 10, 1956, the average 14 spot market price for Middling 1 inch was 34.96 cents per pound.

WOOL

Boston quotations for some domestic and imported wools advanced between early December and early January. Quotations for most grades and types early in January were the highest in over two years. Price advances ranging up to almost 30 percent for some descriptions, since opening of the 1955-56 domestic marketing season last April, reflect a strengthening of world demand relative to available supplies; the situation in the Middle-East has been a contributing factor. The mid-month U. S. average of prices received by domestic growers for shorn wool advanced from 40.3 cents per pound, grease basis, for April 1956, the first month of the current season, to 45.6 cents for December. It was below a year earlier during during the first 6 months of the season, but above a year earlier during the following 3 months.

During December, Commodity Credit Corporation sold over 3 million pounds, actual weight, at schedule prices--103 percent of 1954 loan rates plus selling commission. This was in addition to 6 1/4 million pounds, the monthly quota, sold under the competitive bid program. As of the end of December, the CCC inventory amounted to 68.3 million pounds, of which 5.2 million were sold during the first 3 weeks of January.

The rate of domestic mill use of apparel wool was above a year earlier, each month from September 1955 through October 1956, but it dropped below a year earlier during November, the latest month for which information is available. The total for the first 11 months of 1956 was 8 percent above 1955--the second increase since the post World War II low in 1954. Mill use of carpet wool during January-November was up 12 percent from 1955, the second successive yearly increase and the highest since 1950.

United States imports of dutiable wool for consumption during June dropped below a year earlier, and continued below a year earlier through October, the latest month for which information is available. Lower imports after May reflected earlier marketing of the domestic clip this year than last, larger sales of CCC wool acquired under the 1952-54 support programs than last year, and apparently some reduction in trade stocks. Total imports of dutiable wool through October were 3 percent below 1955. Imports of wool, entered duty-free for use in the manufacture of floor coverings and certain other uses, during the first 10 months of 1956 were 6 percent above 1955.

TOBACCO

Marketings of the 1956 burley crop are about completed. Prices received by growers averaged the highest in history. The auction market average through mid-January was 63.5 cents per pound--8 percent above the last season. The strong demand for leaf and tip grades raised these prices sharply, but prices for most lugs and flying grades were close to last season's levels.

Although burley supplies have declined somewhat during the last 2 years and certain grades have become scarce, the 1956-57 total supply remains $3\frac{1}{2}$ times prospective disappearance--well above supply levels for most years prior to 1953-54. The 1957 burley acreage allotment is about 309,000 acres--practically the same as last year.

At auctions for dark air-cured types 35 and 36, prices averaged about $35\frac{1}{2}$ and 30 cents through mid-January compared with 33 and 30 cents in the comparable period of last season. The auction average for Virginia sun-cured (type 37) through mid-January was 36 cents per pound compared with 27 cents a year ago when storm damage greatly lowered the quality.

Auction prices for Virginia fire-cured (type 21) averaged 40 cents per pound for sales from late November through mid-January--27 percent above a year earlier when quality was not as good. The auctions for the Kentucky-Tennessee fire-cured types opened the second week of January. For sales during the first week, prices averaged 37 and 33 cents per pound, respectively, compared with 40 and 32 cents in the corresponding period of last year.

Supplies of dark air-cured and fire-cured tobacco are large in relation to disappearance, and Government loan stocks of these types are exceedingly heavy. The fire-cured and dark air-cured tobaccos are used domestically, to a large extent, in snuff and chewing tobacco. The 1956 outputs of snuff, and plug, twist, and fine-cut chewing tobacco are estimated at 38 and 41 million pounds, respectively--about 3 and 7 percent less respectively than in 1955.

The acreage allotments for the 1957 crop of cigar filler and binder tobaccos are 10 percent lower for Connecticut Valley types and about the same as in 1956 for the Ohio and Wisconsin types. Growers of these types will vote on February 13 on whether to continue marketing quotas on their 1957, 1958, and 1959 crops. About 1.6 million pounds of the 1956 crop of Connecticut Valley cigar binder has been placed under loan through mid-January. Season receipts of these types are expected to total about 2 million pounds.

Cigarette output in 1956 is estimated near 425 billion--3 percent more than in 1955 and second only to the 435½ billion in 1952. Cigar and cigarillo consumption in 1956 is estimated at about 6¼ billion--about 3 percent more than in 1955 and the most since the late 1920's. On the other hand, the output of smoking tobacco for pipes and "roll-your-own" cigarettes dropped to a new low of about 73 million pounds--9 percent less than in 1955 and the smallest annual output during this century.

Exports of leaf tobacco during 1956 are estimated at about 555 million pounds--farm-sales weight. This is 7 percent less than in 1955, but 10 percent above 1954.

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